

## Message Text

CONFIDENTIAL

PAGE 01 LA PAZ 01433 01 OF 04 172212Z  
ACTION ARA-14

INFO OCT-01 ISO-00 AGRE-00 AID-05 SP-02 USIA-06 EB-08  
NSC-05 TRSE-00 SS-15 STR-07 OMB-01 CEA-01 CIAE-00  
COME-00 FRB-03 INR-10 NSAE-00 XMB-02 OPIC-03  
LAB-04 SIL-01 DODE-00 PM-05 H-01 L-03 PA-01  
DOE-11 SOE-02 IGA-02 IO-13 INT-05 OES-07 HA-05  
/143 W

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P R 172140Z FEB 78  
FM AMEMBASSY LA PAZ  
TO SECSTATE WASHDC PRIORITY 9495  
INFO AMEMBASSY LIMA

C O N F I D E N T I A L SECTION 1 OF 4 LA PAZ 1433

LIMA FOR AGATT

EO 11652: GDS  
TAGS: EAGR, PINT, BL  
SUBJECT: GOB PL 480 TITLE III REQUEST

REF: (A) LA PAZ 1101, (B) 77 LA PAZ 9456

### SUMMARY

I STRONGLY SUPPORT A FIVE-YEAR, \$90 MILLION PL 480 TITLE III WHEAT PROGRAM DESIGNED TO IMPROVE THE INCOME AND WELL-BEING OF BOLIVIA'S RURAL POOR THROUGH A SERIES OF CAREFULLY PLANNED PROJECTS. THE PROPOSED TITLE III PROGRAM IS FULLY CONSISTENT WITH CONGRESSIONAL INTENT.

BOLIVIA IS THE POOREST COUNTRY IN SOUTH AMERICA AND THE PROGRAM PROPOSED CONSISTS OF SPECIFIC PROJECTS WHICH WILL HAVE A DIRECT IMPACT ON RURAL POOR. THEREFORE, "LOAN FORGIVENESS" IS PARTICULARLY APPROPRIATE. THE LEGISLATIVE CRITERIA FOR A MULTI-YEAR TITLE III PROGRAM ARE MET.

WHILE THE COUNTERPART PROGRAM INCREASES BADLY NEEDED INVESTMENT FOR  
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PAGE 02 LA PAZ 01433 01 OF 04 172212Z

THE RURAL AREAS, THE WHEAT IMPORTS WOULD PROVIDE IMPORTANT BALANCE OF PAYMENTS SUPPORT FOR THE ELECTED CONSTITUTIONAL GOVERNMENT EXPECTED TO TAKE OFFICE FOLLOWING NATIONAL ELECTIONS IN JULY 1978. THE NEW GOVERNMENT WILL FACE A DETERIORATING ECONOMIC SITUATION WHICH COULD THREATEN ITS SURVIVAL.

FINALLY, SIGNING AN INITIAL AGREEMENT WITH THE PRESENT BOLIVIAN

GOVERNMENT FOR 100,000 METRIC TONS OF WHEAT IN FY 1978 (WHICH WILL ARRIVE IN BOLIVIA AFTER ELECTIONS), COMBINED WITH THE PROSPECT OF MORE TO COME, WILL BE AN IMPORTANT SIGNAL THAT THE UNITED STATES INTENDS TO SUPPORT DEMOCRACY IN BOLIVIA. AS SUCH IT WILL ENCOURAGE THE GOB TO CARRY FORWARD WITH ITS ELECTION TIMETABLE, ONE OF OUR MAJOR GOALS AND OBJECTIVES FOR BOLIVIA. IT WILL HELP TO DISCOURAGE ANTI-ELECTION FORCES, WHICH CONTINUE TO ARGUE THAT DEMOCRACY WILL BE AN ECONOMIC DISASTER FOR BOLIVIA.

ALL OF THESE REASONS MAKE IT IMPERATIVE THAT THE PROGRAM BE APPROVED PROMPTLY. A BRIEF SUMMARY OF THE PROGRAM JUSTIFICATION AND DESCRIPTION FOLLOWS. AID WILL HAND-DELIVER THE DETAILED PROGRAM PROPOSAL TO WASHINGTON BY ABOUT FEBRUARY 22. END SUMMARY.

1. THE PLIGHT OF BOLIVIA'S POOR IN THE RURAL AREAS, AN ESTIMATED 61 PERCENT OF BOLIVIA'S TOTAL POPULATION, HAS BEEN WELL DOCUMENTED IN THE PAST. THE CURRENT CONGRESSIONAL PRESENTATION GIVES THE DISCOURAGING STATISTICS; A MORE DETAILED DESCRIPTION IS BEING PROVIDED IN THE CURRENT DAP. THE SMALL FARMER IN BOLIVIA HAS INSUFFICIENT ACCESS TO THE CREDIT, APPROPRIATE TECHNOLOGY, TRANSPORTATION, OR MARKETING FACILITIES NECESSARY TO RAISE HIS FAMILY'S INCOME SIGNIFICANTLY. HE LACKS THE SERVICES NECESSARY FOR IMPROVING THE QUALITY OF HIS LIFE AND THAT OF HIS FAMILY, SUCH AS A DECENT EDUCATION FOR HIS CHILDREN, CONFIDENTIAL

CONFIDENTIAL

PAGE 03 LA PAZ 01433 01 OF 04 172212Z

TRAINING FOR HIMSELF OR ADEQUATE HEALTH SERVICES. THE PROPOSED TITLE III PROGRAM PROVIDES AN EXCELLENT OPPORTUNITY FOR THE U.S. TO HELP THE BOLIVIAN GOVERNMENT ADDRESS SOME OF THESE PROBLEMS DIRECTLY. THE PROJECTS BEING PROPOSED ARE SPECIFICALLY DIRECTED TOWARD OVERCOMING SPECIFIC CONSTRAINTS ADDRESSED IN THE ASSESSMENTS MADE BY BOTH THE BOLIVIAN GOVERNMENT AND USAID. THESE PROJECTS ARE A COHESIVE PACKAGE WHICH WILL COMPLEMENT USAID'S ON-GOING AND PROPOSED LOAN AND GRANT PROGRAM.

2. THE NEW TITLE III LEGISLATION APPEARS TO US TO BE PARTICULARLY APPROPRIATE FOR THE BOLIVIAN SITUATION. THE BOLIVIAN GOVERNMENT HAS BEEN INCREASINGLY FOCUSING ITS ATTENTION ON THE RURAL POOR, AND SMALL FARMERS SPECIFICALLY. WE HAVE BEEN ENCOURAGING THIS THROUGH OUR AID PROGRAM. AID'S CURRENT LOAN AND GRANT PROGRAM FOCUSES ON THE RURAL AREAS. OVER 3/4 OF THE PROGRAM IS IN AGRICULTURE OR AGRICULTURALLY RELATED RURAL DEVELOPMENT ACTIVITIES. THE OTHER 1/4 IS IN SUPPORT OF IMPROVING THE QUALITY OF EDUCATION AND HEALTH SERVICES FOR BOLIVIA'S RURAL CITIZENS. THE AVAILABILITY OF TITLE III PROJECTS TO EXPAND THIS EFFORT IS PARTICULARLY TIMELY. THIS ADDITIONAL ASSISTANCE

WILL BE USED BY THE BOLIVIANS IN DIRECT SUPPORT OF ITS  
PROGRAMS DESIGNED TO IMPROVE THE QUALITY OF LIFE OF THE  
RURAL POOR.

3. SINCE BOLIVIA IS ELIGIBLE FOR IDA FINANCING, IT IS  
ALSO ELIGIBLE FOR TITLE III ASSISTANCE. MORE IMPORTANTLY, THE  
USE OF THE PESOS GENERATED FROM THE PROPOSED WHEAT IMPORT PROGRAM  
AS A SUBSTITUTE FOR REPAYMENT IN DOLLARS ("LOAN FORGIVENESS")  
FITS EXTREMELY WELL BOLIVIA'S CURRENT EMPHASIS ON  
PROVIDIDNG MORE ASSISTANCE TO RURAL PEOPLE.

4. THE TITLE III SUBMISSION SPELLS OUT IN CONSIDERABLE  
DETAIL THE ASPECTS OF THE PROPOSAL REQUIRED TO BE COVERED  
BY THE TITLE III LEGISLATION ITSELF AND IN SUBSEQUENT  
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CONFIDENTIAL

PAGE 04 LA PAZ 01433 01 OF 04 172212Z

GUIDANCE. THESE INCLUDE THE ECONOMIC AND FOOD SUPPLY  
SITUATION, THE WHEAT SITUATION SPECIFICALLY, THE GOB'S  
RURAL DEVELOPMENT STRATEGY AND USAID'S PARTICIPATION, THE  
FOOD FOR DEVELOPMENT PROGRAM STRATEGY, DETAILED  
DESCRIPTIONS OF EACH PROJECT PROPOSED AND THE PROPOSED  
METHOD OF IMPLEMENTATION.

5. THE SPECIFIC PROJECTS IN THE PROPOSED TITLE III  
PROGRAM ARE DIRECTED TOWARD AGRICULTURAL DEVELOPMENT, RURAL

CONFIDENTIAL

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PAGE 01 LA PAZ 01433 02 OF 04 172234Z

ACTION ARA-14

INFO OCT-01 ISO-00 AGRE-00 AID-05 SP-02 USIA-06 EB-08  
NSC-05 TRSE-00 SS-15 STR-07 OMB-01 CEA-01 CIAE-00  
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FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC PRIORITY 9496

INFO AMEMBASSY LIMA

CONFIDENTIAL SECTION 2 OF 4 LA PAZ 1433

DEVELOPMENT, NUTRITION AND HEALTH SERVICES. THE PROGRAMS OF THE BOLIVIAN GOVERNMENT SUPPORTED THROUGH THE PROPOSED PROJECTS ARE SPECIFICALLY DIRECTED AT AND LIKELY TO ACHIEVE THE POLICY OBJECTIVES OF SECTION 103 AND 104 OF THE FAA AND ARE CONSISTENT WITH THE POLICY OBJECTIVES OF PL-480. AS DIRECTED IN THE GUIDANCE, PARTICULAR EMPHASIS IS PLACED ON ACTIVITIES WHICH EFFECTIVELY ASSIST SMALL FARMERS BY EXPANDING THEIR ACCESS TO THE RURAL ECONOMY THROUGH SERVICES AND INSTITUTIONS AT THE LOCAL LEVEL TO BETTER THEIR LIVES THROUGH THEIR OWN EFFORTS. THE SPECIFIC PROJECTS PROPOSED ARE THE FOLLOWING (EACH PROJECT IS DISCUSSED IN DETAIL IN THE TITLE III PROPOSAL BEING SUBMITTED TO WASHINGTON BY USAID): (A) AGRICULTURE AND RURAL DEVELOPMENT: (1) WHEAT COLLECTION CENTERS, (2) DEVELOPMENT OF INTEGRAL COOPERATIVES, (3) COLONIZATION ROADS, (4) FARM SERVICE CENTERS, (5) PESTICIDE CONTROL AND PLANT QUARANTINE, (6) REGIONAL DEVELOPMENT COMMITTEE RURAL DEVELOPMENT PROJECTS, (7) RURAL DEVELOPMENT STUDIES, (8) COMMUNITY CONSERVATION, (9) SMALL-SCALE IRRIGATION SYSTEMS, (10) EXPANDED SMALL FARM CREDIT PROGRAM, (11) AGRICULTURAL DEVELOPMENT OF NORTH CENTRAL LOWLANDS, (12) TERMINAL WHEAT STORAGE FACILITY AT UYUNI, CONFIDENTIAL

CONFIDENTIAL

PAGE 02 LA PAZ 01433 02 OF 04 172234Z

(13) CAMPESINO SCHOLARSHIP FUND; (B) RURAL HEALTH: (1) COMMUNICABLE DISEASE CONTROL, (2) IMPROVED NUTRITION; (C) FOOD FOR DEVELOPMENT PROGRAM MANAGEMENT.

6. THE TIMING OF THIS PROPOSAL, WHOSE PRIMARY PURPOSE IS TO DIRECTLY ASSIST THE RURAL POOR, IS PARTICULARLY OPPORTUNE, BECAUSE IT CAN ALSO PLAY A MAJOR ROLE IN ACHIEVING OUR POLITICAL OBJECTIVES IN BOLIVIA AND HELP ALLEVIATE AN UPCOMING VERY DIFFICULT BALANCE OF PAYMENTS PROBLEM.

7. POLITICAL JUSTIFICATION: PRESIDENT BANZER HAS ANNOUNCED PLANS TO RETURN BOLIVIA TO CIVILIAN CONSTITUTIONAL GOVERNMENT VIA ELECTIONS IN JULY 1978. THIS DECISION HAS BEEN PRAISED BY THE USG, AND OUR GOALS AND OBJECTIVES FOR BOLIVIA INCLUDE ENCOURAGING THE BOLIVIAN GOVERNMENT TO MAINTAIN THIS TIMETABLE (SEE STATE 37137). HOWEVER, MANY ELEMENTS, ESPECIALLY WITHIN BOLIVIA'S POLITICALLY DOMINANT MILITARY, OPPOSE ELECTIONS IN JULY. SOME SINCERELY BELIEVE ECONOMIC AND SOCIAL PROGRESS CANNOT OCCUR EFFECTIVELY IN BOLIVIA UNDER A CIVILIAN DEMOCRACY. OTHERS SIMPLY WISH TO TAKE ADVANTAGE OF THE REOPENING OF POLITICAL AND LABOR UNION ACTIVITIES TO PROMOTE POLITICAL AMBITIONS. WITH THE RETURN OF EXILED POLITICIANS AND LEFTIST LABOR LEADERS, THE ELECTION

CAMPAIGN WILL INEVITABLY INVOLVE SOME DISRUPTION OF THE STABLE CONDITIONS WHICH HAVE EXISTED FOR THE PAST SIX YEARS, INCLUDING THE POSSIBILITY OF LABOR DISORDERS AND STRIKES. THIS WILL PROVIDE CONDITIONS FOR THOSE OPPOSED TO ELECTIONS TO WORK FOR THEIR CANCELLATION.

8. ASSUMING THAT A CIVILIAN GOVERNMENT TAKES OFFICE IN AUGUST (THE FIRST SINCE 1964), IT WILL BE POLITICALLY INEXPERIENCED AND IT WILL PROBABLY BE BASED ON A FRAGILE COALITION OF WEAK  
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PAGE 03 LA PAZ 01433 02 OF 04 172234Z

POLITICAL PARTIES. UNLESS IT ESTABLISHES THAT IT CAN EFFECTIVELY GOVERN THE COUNTRY, SOME OF THE SAME ELEMENTS WHICH OPPOSED ELECTIONS WILL BEGIN TO PLOT FOR A RESUMPTION OF DE FACTO MILITARY GOVERNMENT.

9. A PL 480 TITLE III AGREEMENT SIGNED WITH THE PRESENT GOVERNMENT COMBINED WITH THE PROSPECT OF A LARGER MULTI-YEAR AGREEMENT WITH THE NEW GOVERNMENT, WILL BE A CLEAR SIGNAL TO ANTI-ELECTION ELEMENTS THAT THE USG SUPPORTS THE GOB'S ELECTION PLANS. IT WILL INDICATE THAT THE USG INTENDS TO SUPPORT BOLIVIA'S NATIONAL DEVELOPMENT UNDER A FAIRLY ELECTED DEMOCRATIC GOVERNMENT FOLLOWING ELECTIONS. NEGOTIATING SUCH AN AGREEMENT WITH THE PRESENT GOVERNMENT THUS WILL PLAY A KEY ROLE IN EMBASSY EFFORTS TO ENCOURAGE MAINTAINING THE PRESENT ELECTION TIME-TABLE AND DISCOURAGE ANTI-DEMOCRATIC FORCES. A SECOND AGREEMENT WITH THE ELECTED GOVERNMENT WILL HELP COMMITMENT TO A MAJOR RURAL DEVELOPMENT EFFORT, BE VISIBLE EVIDENCE OF USG POLITICAL SUPPORT FOR IT, AND HELP ESTABLISH ITS ABILITY TO DEAL WITH ITS ECONOMIC AND DEVELOPMENT PROBLEMS.

10. ECONOMIC JUSTIFICATION: THE DECISION TO RETURN TO CONSTITUTIONAL GOVERNMENT AND THE NEED TO TAKE MEASURES TO ASSURE THAT ELECTIONS DO OCCUR IS HAVING SOME SERIOUS ECONOMIC REPERCUSSIONS, THE BRUNT OF WHICH WILL FALL ON THE NEWLY-ELECTED GOVERNMENT, WHICH WILL INHERIT A DETERIORATING ECONOMIC SITUATION. THE ELECTION ANNOUNCEMENT AND EVENTS LEADING UP TO IT CAUSED CAPITAL FLIGHT IN EXCESS OF \$100 MILLION IN THE LAST PART OF 1977. CAPITAL FLIGHT IS EXPECTED TO CONTINUE THROUGHOUT 1978. MORE SERIOUS FOR THE OVERALL ECONOMY IS A RAPID-BUILDING DEMAND FOR WAGE INCREASES. ALTHOUGH ONLY PARTIALLY EFFECTIVE, WAGES HAVE BEEN FROZEN SINCE 1974. INFLATION DURING THIS PERIOD HAS BEEN ABOUT 35 TO 45 PERCENT AND HAS CREATED A STRONG PERCEPTION AMONG SOME LABOR SECTORS OF DECLINING REAL WAGES. COUPLED WITH THE REOPENING OF LABOR UNION ACTIVITY AND THE RETURN TO MANY LEFTIST LABOR UNION LEADERS, THE GOB EXPECTS  
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PAGE 04 LA PAZ 01433 02 OF 04 172234Z

STRONG UNION PRESSURES FOR WAGE INCREASES. BELIEVING THAT IT CANNOT WITHSTAND ANY MAJOR STRIKES FOR BOTH ECONOMIC AND ELECTION REASONS, THE GOB ALMOST CERTAINLY WILL GRANT WAGE RAISES, PROBABLY AVERAGING 30 PERCENT OR MORE, ADDING \$70-100 MILLION TO THE PUBLIC SECTOR DEFICIT. THE PRIVATE SECTOR WILL EVENTUALLY HAVE TO FOLLOW SUIT. THE GOB WILL ALSO HAVE

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PAGE 01 LA PAZ 01433 03 OF 04 172242Z

ACTION ARA-14

INFO OCT-01 ISO-00 AGRE-00 AID-05 SP-02 USIA-06 EB-08  
NSC-05 TRSE-00 SS-15 STR-07 OMB-01 CEA-01 CIAE-00  
COME-00 FRB-03 INR-10 NSAE-00 XMB-02 OPIC-03  
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DOE-11 SOE-02 IGA-02 IO-13 INT-05 OES-07 HA-05  
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INFO AMEMBASSY LIMA

C O N F I D E N T I A L SECTION 3 OF 4 LA PAZ 1433

LIMA FOR AGATT

TO POSTPONE OTHER DESIRABLE ECONOMIC MEASURES, INCLUDING INCREASES IN DOMESTIC GASOLINE AND ELECTRICITY PRICES AND NEW REVENUES MEASURES. GOB PLANS TO CURTAIL MANY PUBLIC INVESTMENT PROJECTS ARE MEETING STRONG REGIONAL OPPOSITION.

11. THE RESULT WILL BE A PUBLIC SECTOR DEFICIT IN 1978 APPROACHING \$500 MILLION, COMPARED TO \$350 MILLION IN 1977. IN BOLIVIA'S OPEN ECONOMY THE COMBINATION OF A HIGH GOVERNMENT DEFICIT AND CAPITAL FLIGHT WILL CREATE A BALANCE OF PAYMENTS DEFICIT ESTIMATED AT \$140 MILLION IN 1978, COMPARED WITH A 1977 SURPLUS OF \$3 MILLION. THIS DEFICIT MUST BE FINANCED OUT OF EXISTING FOREIGN EXCHANGE RESERVES UNLESS ADDITIONAL FOREIGN FINANCING IS OBTAINED. THE NEW GOVERNMENT WILL FEEL THE BRUNT OF THE IMPACT SINCE OVER TWO-THIRDS OF THIS DEFICIT WILL OCCUR IN THE SECOND HALF OF 1978.

12. THE NEW GOVERNMENT WILL BE FORCED TO IMPLEMENT A POLITICALLY UNPOPULAR ECONOMIC STABILIZATION PROGRAM TO RESOLVE THESE ECONOMIC PROBLEMS. THE PROFFERED BENEFIT FROM THIS BITTER PILL  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 LA PAZ 01433 03 OF 04 172242Z

WILL HAVE TO BE ADEQUATE OFFICIAL FINANCING, LARGELY FROM THE IMF, TO ENABLE THIS PROGRAM TO BE IMPLEMENTED AT A POLITICALLY AND SOCIALLY TOLERABLE PACE. THE STABILIZATION PROGRAM WORKED OUT WITH THE IMF WILL HAVE TO BE A MULTI-YEAR ONE, DESIGNED TO ADDRESS CONTINUING ECONOMIC PROBLEMS IN 1979 AND BEYOND.

13. A PL 480 TITLE III PROGRAM WOULD MAKE A SIGNIFICANT CONTRIBUTION TO THE EXTERNAL FINANCING PACKAGE NEEDED TO HELP FIRMLY ESTABLISH THE NEW GOVERNMENT. WHEAT SHIPMENTS UNDER THE FIRST AGREEMENT, VALUED AT \$12 MILLION, WILL MOSTLY ARRIVE AFTER THE JULY ELECTIONS. THE SECOND AGREEMENT SHOULD PROVIDE FOR 200,000 MT ABOUT \$22 MILLION--FOR FY 79 AND 150,000 MT--ABOUT \$16.5 MILLION--ANNUALLY OVER THE REMAINING THREE YEARS. THIS IS A SINGLE, MULTI-PROGRAM, BUT MUST NECESSARILY BE IMPLEMENTED IN TWO AGREEMENTS. ONE FOR THE LAST 3 TO 4 MONTHS OF FY 78, HOPEFULLY TO BE SIGNED IN APRIL, WILL ENABLE US TO BEGIN DELIVERIES IN EARLY JULY, WHEN THE INITIATION OF WHEAT IMPORT FINANCING WILL BE NEEDED. IT IS NOT WISE, HOWEVER, TO SIGN A MAJOR, MULTI-YEAR INVESTMENT PROGRAM WITH A LAME DUCK GOVERNMENT. THEREFORE, A SECOND AGREEMENT FOR THE REMAINDER OF THE PROGRAM SHOULD BE SIGNED WITH THE NEW GOVERNMENT IN AUGUST OR SEPTEMBER, THUS EFFECTIVELY COMMITTING THE KEY FIGURES OF THAT GOVERNMENT TO THE COUNTERPART PROGRAM.

14. DOMESTIC WHEAT PRODUCTION AND IMPORTS. BECAUSE OF UNUSALLY DIFFICULT CLIMATE AND SOIL CONDITION ON BOLIVIA'S ALTIPLANO, COMBINED WITH SMALL-SCALE LANDHOLDINGS AND AN UNDEVELOPED MARKETING SYSTEM, BOLIVIAN WHEAT PRODUCTION CAN PROVIDE ONLY 20-25 PERCENT OF DOMESTIC REQUIREMENTS. GOB PLANS TO INCREASE WHEAT PRODUCTION THROUGH HIGHER YIELDS AND NEW FARM LAND WILL NOT HAVE SIGNIFICANT RESULTS IN THE NEAR FUTURE. ANNUAL DOMESTIC WHEAT PRODUCTION AVERAGED 61,000 MT DURING  
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PAGE 03 LA PAZ 01433 03 OF 04 172242Z

1973 AND 1977 AND IS ESTIMATED TO INCREASE TO 103,000 MT BY 1980. WITH TOTAL DOMESTIC WHEAT CONSUMPTION EXPECTED TO INCREASE FROM 307,000 MT IN 1977 TO 355,000 MT BY 1980, WHEAT GRAIN IMPORTS MUST CONTINUE AT ABOUT 250,000 MT ANNUALLY FROM 1978 ON.

16. TRANSPORTATION, MILLING AND STORAGE CAPACITY. MILLING CAPACITY WILL INCREASE TO 417,600 MT BY 1979, AN INCREASE OF ALMOST 200 PERCENT IN FOUR YEARS, AND WILL BE SUFFICIENT TO MEET 100 PERCENT OF DOMESTIC DEMAND FOR MANY YEARS. STORAGE CAPACITY WILL INCREASE TO 54,520 MT BY 1979, AN INCREASE OF 300 PERCENT SINCE 1975. INADEQUATE STORAGE FACILITIES AT THE CHILEAN PORTS OF ARICA AND ANTOFAGASTA COUPLED WITH INADEQUATE RAIL CAPACITY TO MOVE THE WHEAT TO BOLIVIA FREQUENTLY LEAVE THE WHEAT GRAIN SHIPMENTS UNPROTECTED AT THE PORTS. BEGINNING THIS YEAR, THE GOB BELIEVES THAT PLANNED ADDITIONS TO ITS ROLLING STOCK WILL ENABLE IT TO TRANSPORT WHEAT SHIPMENTS WITHOUT LONG DELAYS. WHEAT IS ALSO IMPORTED THROUGH THE PERUVIAN PORT OF MATARANI AND ALSO BY RAIL FROM ARGENTINA.

17. FOOD FOR DEVELOPMENT PROGRAM STRATEGY: THE PROPOSED FIVE-YEAR FOOD FOR DEVELOPMENT PROGRAM IS PREDICATED ON THE AVAILABILITY TO BOLIVIA OF 750,000 MT OF WHEAT OVER A FIVE-YEAR PERIOD BEGINNING IN FY 1978 AND IS ESTIMATED TO GENERATE \$90 MILLION IN LOCAL CURRENCY ACCORDING TO THE FOLLOWING SCHEDULE:

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PAGE 01 LA PAZ 01433 04 OF 04 172247Z  
ACTION ARA-14

INFO OCT-01 ISO-00 AGRE-00 AID-05 SP-02 USIA-06 EB-08  
NSC-05 TRSE-00 SS-15 STR-07 OMB-01 CEA-01 CIAE-00  
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C O N F I D E N T I A L SECTION 4 OF 4 LA PAZ 1433

LIMA FOR AGATT

TABLE I



| FISCAL | LOCAL CURRENCY GENERATED |                               |
|--------|--------------------------|-------------------------------|
| YEAR   | WHEAT SHIPMENT (MT)      | IN \$US EQUIVALENTS (MILLION) |
| FY 78  | 100                      | 12                            |
| FY 79  | 200                      | 24                            |
| FY 80  | 150                      | 18                            |
| FY 81  | 150                      | 18                            |
| FY 82  | 150                      | 18                            |
| TOTAL  | 750                      | 90                            |

A TOTAL OF SIXTEEN PROJECT ACTIVITIES FUNDED FROM COUNTERPART PROCEEDS ARE PROPOSED FOR INCLUSION IN THE MULTI-YEAR PROGRAM. ALL OF THESE PROJECTS PURSUE THE POLICY OBJECTIVES OF SECTION 103 OR SECTION 104 OF THE FOREIGN ASSISTANCE ACT. WHILE THE IMPROVED NUTRITION PROJECT PURSUES THE POLICY OBJECTIVES OF SECTION 103 OF

CONFIDENTIAL

PAGE 02 LA PAZ 01433 04 OF 04 172247Z

THE FAA, IT WOULD BE HANDLED AS A RURAL HEALTH PROJECT FOR MANAGEMENT PURPOSES. PROPOSED PROJECTS AND ESTIMATED FUNDING ARE LISTED BELOW:

## TABLE II

(PRELIMINARY)

### SUMMARY BUDGET FOOD FOR DEVELOPMENT PROJECT ACTIVITIES

CY 79 - CY 83

(EQUIVALENT OF US\$000)

|                                        | TOTAL  |
|----------------------------------------|--------|
| I. APPROXIMATE GENERATIONS             | 90,000 |
| II. USES BY SECTOR                     |        |
| A. AGRICULTURE AND RURAL DEVELOPMENT   | 76,900 |
| -----                                  |        |
| WHEAT COLLECTION CENTERS               | 4,250  |
| DEVELOPMENT OF INTEGRAL COOPERATIVES   | 4,500  |
| COLONIZATION ROADS                     | 7,500  |
| FARM SERVICE CENTERS                   | 7,000  |
| PESTICIDE CONTROL AND PLANT QUARANTINE | 1,350  |
| REGIONAL DEVELOPMENT COMMITTEE         |        |
| RURAL DEVELOPMENT PROJECTS             | 15,000 |
| RURAL DEVELOPMENT STUDIES              | 1,500  |
| COMMUNITY CONSERVATION                 | 2,500  |
| SMALL-SCALE IRRIGATION SYSTEMS         | 3,500  |
| EXPANDES SMALL FARM CREDIT PROGRAM     | 15,000 |

AGRICULTURAL DEVELOPMENT OF NORTH CENTRAL

LOWLANDS 2,500

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 LA PAZ 01433 04 OF 04 172247Z

TERMINAL WHEAT STORAGE FACILITY AT UYUNI 10,000

CAMPESINO SCHOLARSHIP FUND 2,300

B. RURAL HEALTH 12,000

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COMMUNICABLE DISEASE CONTROL 11,000

IMPROVED NUTRITION 1,000

C. FOOD FOR DEVELOPMENT PROGRAM MANAGEMENT 1,100

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TOTAL 90,000.

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